

FSC-83-B	5/11/98
SUBJECT: 1998 Wholesale Partners Program	
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Objective: Clarify expectations of personnel assigned direct account responsibility, with respect to Wholesale Partners Program, Promotion Execution and Reporting.

Purpose: Detail expectations and reiterate available tools to assist in ensuring reporting accuracy for Category III.

The Second Half 1998 Wholesale Partners Program, Category III, will be fully automated to reflect direct account's performance and earnings based on their data submissions to MSA. Thus, if reporting of promotional activity is not correct, direct accounts' earnings for Category III will be in jeopardy.

The first half of 1998 was provided as a transitional timeframe to work with our direct customers to correct any problems and ensure proper "reporting accuracy." With less than 60 days remaining in the first half 1998 program, we still have accounts that are not reporting correctly.

It is recommended that you review the Retail Promotion Tracking Variance Report to identify opportunities by direct account.

To assist you in identifying problematic accounts, we will download and e-mail all *Direct Account Reported Promotions* for the month of April to your respective ROU locations the week of May 11, 1998.

When calling on your direct accounts, the following should be considered and acted upon:

- Understanding of direct account personnel and their needed involvement.
- Working the process through the customer's appropriate personnel to ensure all facets of setting up the promotion item number(s), promotion description, item description and data transmission will be accurate.
- Review weekly confirmation faxed by MSA to all direct accounts indicating receipt of data, successful processing or problem identified.
- Ensuring appropriate warehouse personnel are aware of type of promotion, quantity, needed labor resource commitment, product/materials arrival date and ship to retail dates.

Category III - Promotion Tracking Performance Applications, Tools and Documents

To assist you in proper administration and tracking of your direct accounts to verify reporting accuracy and payment approval methodology, listed below are instructions on all available tools, documents and applications.

Promotion Description

Partners Promotion Descriptions are supplied in the RJR workplan documentation (reference FSC-69-B, dated 4/14/98, Attachments A-1 through A-5). Each Promotion Description contains 16 characters. The Promotion Description must be reported to MSA in the required "Promotion Description Field" utilizing the first 16 characters. Beginning with the 17th character, additional information can be added to this field by the direct account, i.e., state, warehouse or invoice information.

If an account has any technical questions regarding the reporting of the promotional data, you should direct their technical people call the MSA technical people at: (800) 230-9372. Contacts are: Kim Mauthe and Chris McKIveen. A letter has also been sent to the direct accounts regarding this issue (J-19-J attached).

Direct Account Reported Promotions

A *Direct Account Reported Promotions* spreadsheet of all Promotion Descriptions reported to MSA by direct accounts during the month of April is being supplied via e-mail to each ROU location for distribution to the respective RJR Manager. Under the column titled "Promotion Description," verify reported promotion descriptions for your direct account against "Wholesale Partners - 2nd Quarter 1998 MSA Reporting Description for Promotions."

If the Promotion Description is not an "exact" 16 character match to MSA Reporting Description for Promotions, then the direct account is not meeting the Wholesale Partners Program reporting requirements. If your account does not appear on this report, they either did not report any promotional activity in April or they did not correctly submit promotions entering a "Y" in promotion activity indicator (reference Weekly Reporting Requirements in G:Drive directory G:/Sales/_98 Plans/Whlpart/1stHalf/REPREQ.doc).

T28 - Retail Promotion Tracking - Maintenance Screen (AIM)

The (T28) *Retail Promotion Tracking Maintenance Screen* shows "Partners Promotions and Carton Allocations" assigned to direct accounts (reference FSC-132-B, dated 1/16/98). RJR Managers must input "Retail Cartons Shipped" from the manual promotion shipment data provided by the direct account. This establishes for each of your direct accounts a file of promotions and their performance for each. Press the (PF5) key to review a list of all Nationals Partners Promotions assigned for the first half 1998 program period. To access the actual payment information from the (T28) function, press the (PF6) key.

NOTE: *The direct account is required to provide the RJR Manager with performance documentation showing retail stores, date promotion shipped and any promotions returned (reference FSC-174-B, dated 11/19/97).*

If during any given month during the program period a direct account does not have an assigned National Partners Promotion, then an "Exemption" promotion will be automatically inserted in the (T28) *Retail Promotion Tracking Maintenance Screen*. RJR Managers will have the capability to qualify and approve an "Exemption" promotion by entering the "Percent Achieved" of RJR promotional volume shipped. An explanation will be required for all "Exemption" promotions to define the promotion and provide appropriate rationale for approving payment (reference FSC-72-B, dated 4/16/98).

Retail Promotion Tracking - Variance Report (Mercury)

The *Retail Promotions Tracking - Variance Report* is available in Mercury as a tool to verify accurate reporting of promotions and performance. This report allows you to identify improper reporting of Partners Promotions by allowing you to compare the manual shipment data received from the direct account with the actual data submitted to MSA that was received and reported correctly.

If your direct account's *Variance Report* does not contain volume in the column titled "MSA to RJR" that matches the carton volume actually shipped by the direct account with the three week designated time period assigned to that specific Partners promotion, then the direct account has a promotion reporting problem. You should first review the "*Direct Account Reported Promotions*" spreadsheet supplied by your ROU to verify the Promotion Description is correct, then contact your direct account immediately to clarify any promotion reporting requirements that are not being met and ensure all future reporting is correct.

T35 - Promotion Payment Approval Screen (AIM)

Category III payment approval will be made through the (T35) *Promotion Payment Approval Screen* (reference FSC-132-B, dated 1/16/98 and FSC-72-B, dated 4/16/98). You may access this screen either during the program period through the T28 (AIM) function (or) at the end of the program through the T35 (AIM) function. Any override of the Y/N payment approval for Category III will require a note of explanation. Any "Exemption" promotion approved will also require a note of explanation. Category III payment will be automatically approved at 3¢ per RJR cartons reported during the month if the "Percent Achieved" is 70% or higher. Each Partners promotion will qualify payment based on the "Weighted %" of the promotion during any given month.

Example: If two Partners promotions are assigned to a direct account during the month of March, then each promotion would be weighted at 50% of the qualified payment. If three Partners promotions are assigned for a specific month, then each promotion would be weighted at 33%.

If a National Partners Promotion is not approved through the (T28) and (T35) maintenance screens, then the Partners Tracking Reports found in Mercury and Analyzer will not reflect an estimated or projected 3¢ per carton payment for Category III.

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